

PREVAILED

Roll Call No. _____

FAILED

Ayes _____

WITHDRAWN

Noes _____

RULED OUT OF ORDER

HOUSE MOTION _____

MR. SPEAKER:

I move that Engrossed Senate Bill 501 be amended to read as follows:

- 1 Page 1, between the enacting clause and line 1, begin a new
2 paragraph and insert:
3 "SECTION 1. IC 5-10-8-8, AS AMENDED BY P.L.178-2006,
4 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JULY 1, 2007]: Sec. 8. (a) This section applies only to the state and
6 employees who are not covered by a plan established under section 6
7 of this chapter.
8 (b) After June 30, 1986, the state shall provide a group health
9 insurance plan to each retired employee:
10 (1) whose retirement date is:
11 (A) after June 29, 1986, for a retired employee who was a
12 member of the field examiners' retirement fund;
13 (B) after May 31, 1986, for a retired employee who was a
14 member of the Indiana state teachers' retirement fund; or
15 (C) after June 30, 1986, for a retired employee not covered by
16 clause (A) or (B);
17 (2) who will have reached fifty-five (55) years of age on or before
18 the employee's retirement date but who will not be eligible on that
19 date for Medicare coverage as prescribed by 42 U.S.C. 1395 et
20 seq.; and
21 (3) who:
22 (A) for an employee who retires before January 1, 2007, will
23 have completed:

(i) twenty (20) years of creditable employment with a public employer on or before the employee's retirement date, ten (10) years of which shall have been completed immediately preceding the retirement; and

(ii) at least fifteen (15) years of participation in the retirement plan of which the employee is a member on or before the employee's retirement date; or

(B) for an employee who retires after December 31, 2006, will have completed fifteen (15) years of creditable employment with a public employer on or before the employee's retirement date, ten (10) years of which shall have been completed immediately preceding the retirement.

(c) The state shall provide a group health insurance program to each retired employee:

(1) who is a retired judge;

(2) whose retirement date is after June 30, 1990;

(3) who is at least sixty-two (62) years of age;

(4) who is not eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.; and

(5) who has at least eight (8) years of service credit as a participant in the Indiana judges' retirement fund, with at least eight (8) years of that service credit completed immediately preceding the judge's retirement.

(d) The state shall provide a group health insurance program to each retired employee:

(1) who is a retired participant under the prosecuting attorneys retirement fund;

(2) whose retirement date is after January 1, 1990;

(3) who is at least sixty-two (62) years of age;

(4) who is not eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.; and

(5) who has at least ten (10) years of service credit as a participant in the prosecuting attorneys retirement fund, with at least ten (10) years of that service credit completed immediately preceding the participant's retirement.

(e) The state shall make available a group health insurance program to each former member of the general assembly or surviving spouse of each former member, if the former member:

(1) is no longer a member of the general assembly;

(2) is not eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq. or, in the case of a surviving spouse, the surviving spouse is not eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.; and

(3) has at least ten (10) years of service credit as a member in the general assembly.

A former member or surviving spouse of a former member who obtains

insurance under this section is responsible for paying both the employer and the employee share of the cost of the coverage.

(f) The group health insurance program required under subsections (b) through (e) and subsection (k) must be equal to that offered active employees. The retired employee may participate in the group health insurance program if the retired employee:

(1) **except as provided in subsection (l)**, pays an amount equal to the employer's and the employee's premium for the group health insurance for an active employee; and if ~~the retired employee~~

(2) within ninety (90) days after the employee's retirement date files a written request for insurance coverage with the employer.

However, the employer may elect to pay any part of the retired employee's premium with respect to insurance coverage under this chapter.

(g) Except as provided in subsection (j), a retired employee's eligibility to continue insurance under this section ends when the employee becomes eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq., or when the employer terminates the health insurance program. A retired employee who is eligible for insurance coverage under this section may elect to have the employee's spouse covered under the health insurance program at the time the employee retires. If a retired employee's spouse pays the amount the retired employee would have been required to pay for coverage selected by the spouse, the spouse's subsequent eligibility to continue insurance under this section is not affected by the death of the retired employee. The surviving spouse's eligibility ends on the earliest of the following:

(1) When the spouse becomes eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.

(2) When the employer terminates the health insurance program.

(3) Two (2) years after the date of the employee's death.

(4) The date of the spouse's remarriage.

(h) This subsection does not apply to an employee who is entitled to group insurance coverage under IC 20-28-10-2(b). An employee who is on leave without pay is entitled to participate for ninety (90) days in any health insurance program maintained by the employer for active employees if the employee pays an amount equal to the total of the employer's and the employee's premiums for the insurance.

(i) An employer may provide group health insurance for retired employees or their spouses not covered by this section and may provide group health insurance that contains provisions more favorable to retired employees and their spouses than required by this section. A public employer may provide group health insurance to an employee who is on leave without pay for a longer period than required by subsection (h).

(j) An employer may elect to permit former employees and their

spouses, including surviving spouses, to continue to participate in a group health insurance program under this chapter after the former employee (who is otherwise qualified under this chapter to participate in a group insurance program) or spouse has become eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq. An employer who makes an election under this section may require a person who continues coverage under this subsection to participate in a retiree health benefit plan developed under section 8.3 of this chapter.

(k) The state shall provide a group health insurance program to each retired employee:

(1) who was employed as a teacher in a state institution under:

(A) IC 11-10-5;

(B) IC 12-24-3;

(C) IC 16-33-3;

(D) IC 16-33-4;

(E) IC 20-21-2-1; or

(F) IC 20-22-2-1;

(2) who is at least fifty-five (55) years of age on or before the employee's retirement date;

(3) who is not eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.; and

(4) who:

(A) has at least fifteen (15) years of service credit as a participant in the retirement fund of which the employee is a member on or before the employee's retirement date; or

(B) completes at least ten (10) years of service credit as a participant in the retirement fund of which the employee is a member immediately before the employee's retirement.

(l) The state shall pay at least fifty percent (50%) of the premium for any insurance coverage provided under this section for a retired employee who:

(1) retires after June 30, 2007;

(2) has at least twenty (20) years of creditable employment with the state on the employee's retirement date; and

(3) otherwise meets the requirements for participation in group health insurance under this section.

(m) The state shall provide, and pay at least fifty percent (50%) of the premium for, coverage under a Medicare supplement policy for a retired employee who:

(1) retires after June 30, 2007; and

(2) meets the requirements for participation in group health insurance under this section, except that the retired employee is eligible for and participates in Medicare coverage (42 U.S.C. 1395 et seq.)."

Page 8, between lines 1 and 2, begin a new paragraph and insert:

"SECTION 4. IC 27-1-12-34.1 IS AMENDED TO READ AS

1 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 34.1. (a) No policy of
 2 wholesale, franchise, or employee life insurance, as defined in this
 3 section, shall be issued or delivered in this state unless it conforms to
 4 the requirements of this section.

5 (b) Wholesale, franchise, or employee life insurance is defined as
 6 a term life insurance plan under which a number of individual term
 7 insurance policies are issued at special rates to a selected group. A
 8 special rate is any rate lower than the rate shown in the issuing
 9 insurance company's manual for individually issued policies of the
 10 same type and to insureds of the same class.

11 (c) Wholesale, franchise, or employee life insurance may be issued
 12 to:

13 (1) three (3) or more employees of any corporation, copartnership,
 14 or individual employer, or any governmental corporation, agency,
 15 or department thereof; or

16 (2) ten (10) or more members, employees, or employees of
 17 members of any trade or professional association, or of a labor
 18 union, or of any association of members in the same or related
 19 occupations, profession, or industry having been in existence for
 20 at least two (2) years, where such association or union has a
 21 constitution or bylaws and is formed in good faith for purposes
 22 other than that of obtaining insurance. Evidence of individual
 23 insurability satisfactory to the insurer may be required by the
 24 insurer as a condition to coverage.

25 (d) The premiums on such policies may be paid to the insurer
 26 periodically by the employer, with or without payroll deductions, or by
 27 the insured or association or union for its members, or by some
 28 designated person acting on behalf of such employer, association, or
 29 union. The term "employees" as used in this chapter refers to officers,
 30 managers, employees, and retired employees of the employer and the
 31 individual proprietor or partners if the employer is an individual or
 32 partnership.

33 (e) Each policy issued under this section shall provide **for the**
 34 **following:**

35 (1) That, if the insured person ceases to qualify for the policy ~~he~~
 36 **the insured person** may convert the policy, without evidence of
 37 insurability, to an individual policy of life insurance, provided
 38 application for such conversion is made within thirty-one (31)
 39 days of the date the insured person ceases to qualify for coverage
 40 under this section. The individual policy shall be issued on any
 41 one (1) of the forms, except term insurance, then customarily
 42 issued by the insurer at the age and in the amount applied for. The
 43 premium on this individual policy is to be at the insurer's then
 44 customary rate applicable to the form and amount of such
 45 individual policy, the class of risk to which the insured person
 46 then belongs, and ~~his~~ **the insured person's** age attained on the

effective date of such individual policy.

(2) That, if the insured person under a policy of employee life insurance:

(A) is covered under a policy of employee life insurance purchased by the state as described in IC 5-10-8-7(a)(1);

(B) terminates employment;

(C) applies for continuation of the coverage within thirty-one (31) days of the date of termination; and

(D) pays both the employer and employee shares of the premium that would be paid for coverage of an active employee;

the insured person may, without evidence of insurability, continue coverage under the employee term life insurance policy or under an equivalent individual term life insurance policy at the same rate as the rate that would be paid for coverage under the employee term life insurance policy.

SECTION 5. IC 27-1-12-41 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 41. (a) A policy of group life insurance may not be delivered in Indiana unless it contains in substance:

(1) the provisions described in subsection (b); or

(2) provisions that, in the opinion of the commissioner, are:

(A) more favorable to the persons insured; or

(B) at least as favorable to the persons insured and more favorable to the policyholder;

than the provisions set forth in subsection (b).

(b) The provisions referred to in subsection (a)(1) are as follows:

(1) A provision that the policyholder is entitled to a grace period of thirty-one (31) days for the payment of any premium due except the first, during which grace period the death benefit coverage shall continue in force, unless the policyholder has given the insurer written notice of discontinuance in advance of the date of discontinuance and in accordance with the terms of the policy. The policy may provide that the policyholder is liable to the insurer for the payment of a pro rata premium for the time the policy was in force during the grace period.

(2) A provision that the validity of the policy may not be contested, except for nonpayment of premiums, after the policy has been in force for two (2) years after its date of issue, and that no statement made by a person insured under the policy relating to the person's insurability may be used in contesting the validity of the insurance with respect to which the statement was made, unless:

(A) the insurance has not been in force for a period of two (2) years or longer during the person's lifetime; or

(B) the statement is contained in a written instrument signed

- 1 by the insured person.
- 2 However, a provision under this subdivision may not preclude the
- 3 assertion at any time of defenses based upon provisions in the
- 4 policy that relate to eligibility for coverage.
- 5 (3) A provision that a copy of the application, if any, of the
- 6 policyholder must be attached to the policy when issued, that all
- 7 statements made by the policyholder or by the persons insured are
- 8 to be deemed representations and not warranties, and that no
- 9 statement made by any person insured may be used in any contest
- 10 unless a copy of the instrument containing the statement is or has
- 11 been furnished to the insured person or, in the event of death or
- 12 incapacity of the insured person, to the insured person's
- 13 beneficiary or personal representative.
- 14 (4) A provision setting forth the conditions, if any, under which
- 15 the insurer reserves the right to require a person eligible for
- 16 insurance to furnish evidence of individual insurability
- 17 satisfactory to the insurer as a condition to part or all of the
- 18 person's coverage.
- 19 (5) A provision specifying an equitable adjustment of premiums,
- 20 benefits, or both to be made in the event the age of a person
- 21 insured has been misstated. A provision under this subdivision
- 22 must contain a clear statement of the method of adjustment to be
- 23 made.
- 24 (6) A provision that any sum becoming due by reason of the death
- 25 of the person insured must be payable to the beneficiary
- 26 designated by the person insured. However, if a policy contains
- 27 conditions pertaining to family status, the beneficiary may be the
- 28 family member specified by the policy terms, subject to the
- 29 provisions of the policy in the event there is no designated
- 30 beneficiary, as to all or any part of the sum, living at the death of
- 31 the person insured, and subject to any right reserved by the
- 32 insurer in the policy and set forth in the certificate to pay at its
- 33 option a part of the sum not exceeding two thousand dollars
- 34 (\$2,000) to any person appearing to the insurer to be equitably
- 35 entitled to that payment by reason of having incurred funeral or
- 36 other expenses incident to the last illness or death of the person
- 37 insured.
- 38 (7) A provision that the insurer will issue to the policyholder, for
- 39 delivery to each person insured, a certificate setting forth a
- 40 statement that:
- 41 (A) explains the insurance protection to which the person
- 42 insured is entitled;
- 43 (B) indicates to whom the insurance benefits are payable;
- 44 (C) explains any dependent's coverage included in the
- 45 certificate; and
- 46 (D) sets forth the rights and conditions that apply to the person

1 under subdivisions (8), (9), (10), and (11).

2 (8) A provision that if the insurance, or any portion of it, on a
 3 person covered under the policy, or on the dependent of a person
 4 covered, ceases because of termination of employment or
 5 termination of membership in the class or classes eligible for
 6 coverage under the policy, the person or dependent is entitled,
 7 without evidence of insurability, to **the following:**

8 (A) An individual policy of life insurance issued to the person
 9 or dependent by the insurer without disability or other
 10 supplementary benefits, provided that an application for the
 11 individual policy is made and that the first premium is paid to
 12 the insurer within thirty-one (31) days after the termination,
 13 and provided further that:

14 ~~(A)~~ (i) the individual policy must, at the option of the person
 15 or dependent, be on any one (1) of the forms then
 16 customarily issued by the insurer at the age and for the
 17 amount applied for, except that the group policy may
 18 exclude the option to elect term insurance;

19 ~~(B)~~ (ii) the individual policy must be in an amount not in
 20 excess of the amount of life insurance that ceases because of
 21 the termination, less the amount of any life insurance for
 22 which the person or dependent becomes eligible under the
 23 same policy or any other group policy within thirty-one (31)
 24 days after the termination (however, any amount of
 25 insurance that has matured on or before the date of the
 26 termination as an endowment payable to the person insured,
 27 whether in one (1) sum, in installments, or in the form of an
 28 annuity, may not, for the purposes of this clause, be included
 29 in the amount of insurance that is considered to cease
 30 because of the termination); and

31 ~~(C)~~ (iii) the premium on the individual policy must be at the
 32 insurer's then customary rate applicable to the form and
 33 amount of the individual policy, to the class of risk to which
 34 the person or dependent then belongs, and to the individual
 35 age attained by the person or dependent on the effective date
 36 of the individual policy.

37 Subject to the conditions set forth in this ~~subdivision~~, **clause**,
 38 the conversion privilege created by this ~~subdivision~~ **clause**
 39 must be available to a surviving dependent of a person covered
 40 under a group policy, with respect to the coverage under the
 41 group policy that terminates by reason of the death of the
 42 person covered, and to the dependent of an employee or
 43 member after termination of the coverage of the dependent
 44 because the dependent ceases to be a qualified family member
 45 under the group policy, while the employee or member
 46 remains insured under the group policy.

(B) If the policy is an employee group term life insurance policy purchased by the state as described in IC 5-10-8-7(a)(1), continued coverage of the person under the policy, or coverage under an equivalent individual term life insurance policy at the same rate as the rate that would be paid for coverage under the employee group term life insurance policy, following termination of the person's employment if the person:

(i) applies for continuation of the coverage within thirty-one (31) days of the date of termination; and

(ii) pays both the employer and employee shares of the premium that would be paid for coverage of an active employee.

(9) A provision that if the group policy terminates or is amended so as to terminate the insurance of any class of insured persons, every person insured under the policy at the date of the termination whose insurance terminates, including the insured dependent of a covered person, and who has been so insured for at least five (5) years before the termination date, is entitled to have issued by the insurer an individual policy of life insurance, subject to the same conditions and limitations as are provided in subdivision (8), except that the group policy may provide that the amount of the individual policy may not exceed the lesser of:

(A) the amount of the person's life insurance protection that is ceasing because of the termination or amendment of the group policy, less the amount of any life insurance for which the person is eligible or becomes eligible under a group policy issued or reinstated by the same insurer or another insurer within thirty-one (31) days after the termination; or

(B) ten thousand dollars (\$10,000).

(10) A provision that if a person insured under the group policy, or the insured dependent of a covered person, dies during the period within which the covered person or dependent would have been entitled to have an individual policy issued under subdivision (8) or (9) or before such an individual policy becomes effective, the amount of life insurance that the covered person or dependent would have been entitled to have issued under an individual policy is payable as a claim under the group policy, whether or not application for the individual policy or the payment of the first premium for the individual policy has been made.

(11) If active employment is a condition of insurance, a provision that an insured may continue coverage during the insured's total disability by timely payment to the policyholder of that portion, if any, of the premium that would have been required for the insured had total disability not occurred. The continuation of

1 coverage under this subdivision on a premium paying basis must
 2 extend for a period of six (6) months from the date on which the
 3 total disability started, but not beyond the earlier of:

4 (A) the date of approval by the insurer of continuation of the
 5 coverage under any disability provision that the group
 6 insurance policy may contain; or

7 (B) the date of discontinuance of the group insurance policy.

8 (12) In the case of a policy insuring the lives of debtors, a
 9 provision that the insurer will furnish to the policyholder, for
 10 delivery to each debtor insured under the policy, a certificate of
 11 insurance describing the coverage and specifying that the death
 12 benefit will first be applied to reduce or extinguish the
 13 indebtedness.

14 (c) Subsections (b)(6) through (b)(11) do not apply to policies
 15 insuring the lives of debtors. The standard provisions required under
 16 IC 27-1-12 for individual life insurance policies do not apply to group
 17 life insurance policies.

18 (d) If a group life insurance policy is on a plan of insurance other
 19 than the group plan, it must contain a nonforfeiture provision that, in
 20 the opinion of the commissioner, is equitable to the insured persons
 21 and to the policyholder. However, group life insurance policies need
 22 not contain the same nonforfeiture provisions as are required for
 23 individual life insurance policies under IC 27-1-12.

24 **SECTION 6. [EFFECTIVE JULY 1, 2007] IC 27-1-12-34.1 and**
 25 **IC 27-1-12-41, both as amended by this act, apply to a term life**
 26 **insurance policy that is issued, delivered, amended, or renewed**
 27 **after June 30, 2007."**

28 Renumber all SECTIONS consecutively.

(Reference is to ESB 501 as printed April 3, 2007.)

Representative Fry